

Dear honorable judge Martin Glenn

I write to you as a Celsius customer with a few small stable coins loan (mostly still kept at the “frozen” Celsius platform), to make you aware of important information regarding the loans Celsius has offered retail customers, and give my suggestion on how they should be treated.

Firstly, I ask you to **rule that all crypto kept as collateral for loans with Celsius is regarded as crypto kept in a custody account, and should be paid back in full if we pay back our loans.**

The loan Celsius offers have a **legally binding contract, that clearly say we get our full collateral back if we pay back the loan and interest at the date the loan matures.**

These contracts should be honored, and the following arguments show that cryptos as collateral should be treated different than cryptos in a “earn account”:

1. We do not get any interest income on the crypto that is used as collateral for the loan, so this cannot be regarded as “earn account” since **we don’t earn interest on these collateral coins**, but instead have to pay Celsius interest.
2. Celsius have in thousands of cases used **margin calls** to liquidate loans with this crypto collateral, **even after the bankruptcy was filed and announced**. This shows that these are seen as crypto set aside to back the loans in a “custody account” and is not treated as crypto in a “earn account”.
3. A **legal precedence** comes from their largest competitors, Nexo, that have all the regulatory licenses to offer loans and show how Celsius should be operating if they was living up to their marketing and CEO communication. Nexo transfer all collateral for loans from our “savings wallet” to our “credit wallet” when we take a loan there, showing clearly that serious players in this industry treat the collateral on loans different from funds that earn interest in a “earn account”. Nexo even have real time audit showing more than 100% collateralization on their liabilities, showing how Celsius should have run their business based on what they were marketing
<https://real-time-attest.trustexplorer.io/nexo>

Terms and conditions was also altered **after** Celsius knew they were insolvent, and after many loans were paid out, so they should not impact any ruling on how collateral crypto is treated.

Secondly, in case you rule that loans collateral is seen as “earn account”, and any solution ends up with a loss of funds (haircut), I ask **for the loans we owe Celsius to also be reduced as the same “haircut” as the collateral**. If not many customers may even end up in minus due to crypto crash, and it is not fair to ask our obligations to be treated differently than Celsius treat their obligation to us. To demand us to pay back the loan and still get a loss (haircut) of any of the collateral we put up for the loan is unfair, and would be just like you put up your house as collateral for a bank loan, and then the bank “gamble away” your house, but still ask you for the full loan back.

Finally, I ask that all loans that are not paid in crypto stable coins and kept at the platform, **should be treated differently** than loans paid in our in cash, in case there is any rulings/ solution that imply loss (haircut) of collateral. This is due to Celsius used “promo code” with lock up time to ask customers to get the customers keep the funds in their Celsius account for several months, so many (just like me) have **kept the loan at the platform, and did not get access to the loan after the “freeze” of funds.** It is therefore a violation of the loan contract, from Celsius, and Celsius cannot ask for the full loan back without giving access to the funds or collateral.

If not many customers will not be able to pay back the full loans, and legally **a loan that is not transferred out of the “frozen” platform cannot be regarded as legally binding loan that must be paid back then,** since Celsius has violated the loan contract by not allowing a transfer of it out of the platform after the “freeze” of funds and also did not keep the collateral set aside for margin call, as the loan contract stated they should.

I also make you aware that I (even with several years left on my loan contracts) offered Celsius, a day before the bankruptcy, to pay back my loan in full, if they gave me back the collateral and let me transfer this out of the platform. They refused.

Finally I make you aware that Nexo, weeks before the bankruptcy, offered Celsius to buy the entire retail loan portfolio, but Celsius refused, putting all our crypto collateral at risk
<https://cryptoslate.com/nexo-makes-unsolicited-offer-to-acquire-celsius-assets-after-it-halts-withdrawals/>

Best regards
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